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September 15, 2008

AGENDA ITEM 4c

TO: MEMBERS OF THE INVESTMENT COMMITTEE

I. SUBJECT: Cost Effectiveness Measurement (CEM) Report

II. PROGRAM: CalPERS Total Fund

III. RECOMMENDATION: Information Only

IV. ANALYSIS:

CEM Benchmarking Inc. (CEM), an information and advisory company, has been retained since 1992 to analyze CalPERS' cost structures as compared to other plan sponsors and to measure CalPERS' cost effectiveness (or the value added per dollar spent).

An Executive Summary of the report provided by CEM is attached (Attachment 1). In addition, Wilshire Associates has prepared a review of the CEM report (Attachment 2).

A copy of the full CEM report will be sent under separate cover.

V. STRATEGIC PLAN:

- Goal I. Exercise global leadership to ensure the sustainability of CalPERS' pension and health benefit systems;
- Goal VIII. Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits, and second, to minimize and stabilize contributions; and Goal IX. Achieve long-term, sustainable, risk adjusted returns.

VI. RESULTS/COSTS:

The cost to CalPERS for CEM to prepare this report is \$20,000.

Matt Flynn
Division Chief

Anne Stausboll
Interim Chief Operating Investment Officer